

Policy coherence for inclusive and sustainable development

- In today's multipolar and interconnected global economy, all countries play a role in driving growth and enabling sustainable development.
- The development agenda that replaces the Millennium Development Goals after 2015 is likely to consist of “a truly international framework of policies to achieve sustainable development” implemented through a new global partnership and guided by a single set of universal goals that apply to all countries.
- The process of policy coherence for development (PCD) – which has evolved in the OECD over the last two decades – has much potential as a global tool for creating the enabling environments and policy processes required by the post-2015 framework.
- An updated and broader approach to PCD, based on collective action, common but differentiated responsibilities and mutual benefits, and seeking coherent policies at global, regional and national levels (including advanced, emerging and developing countries) is now needed.
- Through its multidisciplinary expertise, and close links with governments, international organisations, the business community and civil society, the OECD already has significant experience of developing the policies, methodologies and tools required for improving coherence for development. The organisation stands ready to support the international community in broadening policy coherence approaches to tackle more complex and interrelated development challenges.

Why focus on policy coherence in the post-2015 agenda?

It is widely accepted that achieving inclusive and sustainable development will require more than aid. The prospects for countries are shaped by a wide range of issues. Domestic questions of governance, institutional capacities and politics matter, but a number of externally-driven issues are also important. Aid is one, but there are many more. In today's increasingly interconnected global economy, domestic policies implemented by advanced and emerging economies are especially likely to have a global reach and influence the growth and development prospects of lower-income countries. Neglecting the international spillovers of domestic policies can undermine development objectives, as well as the effectiveness of international development co-operation efforts (OECD, 2013b).

According to the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda (HLP for short), what is needed is “a truly international framework of policies to achieve sustainable development” (HLP, 2013). A single, universal post-2015 agenda applicable to all countries can

be achieved through a new global partnership which “should engage all countries, local authorities, international organisations, businesses, civil society, foundations and other philanthropists, and people” (HLP, 2013).¹

Since the early 1990s, the OECD has played a pivotal role in promoting an approach known as “policy coherence for development” (PCD, see Box 1 for the latest definition² and Figure 1 for how the concept has evolved). While PCD has traditionally been seen as the main responsibility of donor countries, the post-2015 development agenda that will replace the Millennium Development Goals (MDGs) calls for a broader and more proactive approach, bringing in many more actors. This brochure outlines the OECD’s reflections on what this broader approach could look like, and how OECD expertise could contribute.³

Box 1. What is policy coherence for development?

To meet the challenge of achieving sustainable development, governments need to design more effective policies that avoid impacts that adversely affect the development prospects of other countries. At the same time, they need to enhance their capacities to exploit synergies across different policy areas with important cross-border dimensions, such as trade, investment, agriculture, health, education, environment, migration and development co-operation to create environments conducive to development.

From this perspective a coherent policy would be one which enables developing country exports to have greater access to markets, while also helping them boost their export supply capacity. Conversely, an incoherent policy would be one which provides official development assistance (ODA) to support a country’s agricultural development, while simultaneously blocking their exports and pushing their farmers to compete with subsidised agricultural production.

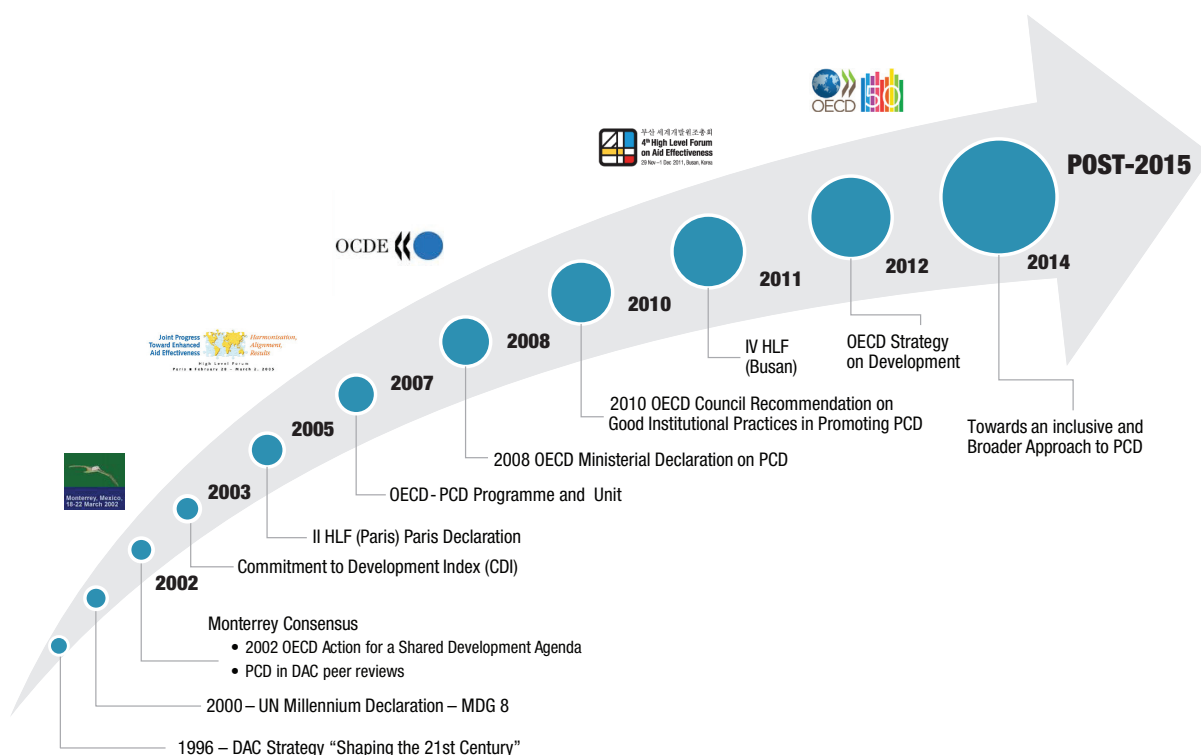
The OECD now sees PCD as a *process* for integrating the multiple dimensions of development at all stages of policy making. Its main objectives are to:

- 1) exploit the potential of positive synergies across policies to support development, pursuing win-win situations and mutual benefits;
- 2) increase governments’ capacities to balance divergent policy objectives, and help them to reconcile domestic policy objectives with broader international or global objectives; and
- 3) avoid or minimise the negative side-effects and impacts of policies on development.

PCD entails:

- ensuring that the interactions among various policies in the economic, social, environmental, legal and political domains support countries on their pathway towards inclusive sustainable growth;
- putting in place institutional mechanisms, processes, and tools to produce effective, efficient, sustainable and coherent policies in all sectors;
- developing evidence-based analysis, sound data and reliable indicators to inform decision making and help translate political commitments into practice; and
- fostering multi-stakeholder policy dialogue to identify the barriers to, and the catalysts for, change.

Figure 1: Policy coherence for development: a concept in evolution



Progress on policy coherence under the MDGs

The Millennium Development Goals included a goal for coherent policies in the form of MDG8: a global partnership for development. It clearly identified the areas that stakeholders thought the world should focus on in order to create an external environment favourable to helping developing countries reach their development aspirations: these included aid, trade, debt relief and increased access to essential medicines and new technologies. However, it did not foster a true global partnership and did not move away from the traditional "donor-recipient paradigm". One problem was that the targets and indicators of MDG 8 lacked precise benchmarks against which progress could be assessed (UN System Task Team on the Post-2015 UN Development Agenda, 2013).

According to the HLP, progress towards achieving the MDG8 is limited in several areas. Many countries have reduced tariffs, but the Doha Development Round is not concluded. Debt burdens have been reduced, but many countries are still financially exposed. Substantial progress has been made in improving the affordability of medicines, yet many people still lack access to affordable essential drugs. Despite these shortcomings, the HLP considers MDG8 as central to the new global development agenda. It has underlined the need to develop targets that are universal (HLP, 2013). This will require a broader approach to policy coherence for development as a means to guide consistent national, regional and global action.

Towards a broader approach to PCD

Discussions on PCD have frequently taken place among donors on a sector-by-sector basis and based on the need for coherence between aid and non-aid policies. But profound changes in today's world call for a new approach:

- ***The financial, economic, food, fuel crises of the last decade have highlighted fundamental weaknesses and inconsistencies between different regimes and international frameworks.*** Global challenges such as shifting wealth, growing inequalities, rising unemployment, migration and other demographic changes, growing natural resource scarcity and environmental degradation are also putting pressure on policy makers to reconcile domestic objectives with broader global objectives. Growing populations, for example, increase consumption of natural resources and land use, while changes in wealth and age structure also affect consumption habits and diet. All of these can have consequences for the environment. Without coherent policy action, in 2050 a world economy four times larger than today's is projected to use about 80% more energy, predominantly from fossil fuels, thereby increasing greenhouse gas emissions and exacerbating climate change (OECD, 2012b). Collective action, co-ordination, and greater coherence will be critical to address these challenges.
- ***Developing economies are fast becoming the main drivers of global growth and key actors for PCD.*** New poles of growth have emerged over the last two decades, moving the global centre of gravity of global economic activity eastwards and southwards. Since 2003, more than half of the world's growth has occurred in these areas at rates that surpass the OECD average. Developing countries, particularly emerging economies, play an increasingly important role in international finance, investment, trade, innovation and development co-operation. "South-South" trade has multiplied more than ten times over the last two decades, changing patterns in global value chains. By 2030, according to some estimates, developing countries will account for more than 60 cents of every dollar invested and 62 of every dollar saved (World Bank, 2013). PCD operates in a multi-polar global economy in which all countries are playing a role in driving global growth and development.
- ***The emergence of a new global middle class, projected to exceed more than 3 billion in 2030, generates a new set of opportunities and challenges.*** Opportunities include the potential for new sources of growth, since a stable middle class could act as a nationwide engine for consumption and demand. Challenges include the need to meet rising expectations, such as new demands for quality services and political accountability. Rising incomes increase demand for food, energy and water, creating new sustainability issues. A broader approach to PCD can help to understand how these challenges are linked. Such an approach should cut across different policy domains, connect diverse stakeholders and actors, and help monitor effects and changes in policies.
- ***The global economy is ever more interconnected, meaning that policies implemented by advanced and emerging economies can influence the growth and development prospects of lower-income countries.*** For example, on key global issues such as food security, the agricultural and associated trade policies of larger developing countries have increasingly important impacts on world markets. During the 2007-2008 food price crisis, export restrictions applied by several emerging economies exacerbated the crisis and placed a particular burden on some developing countries unable to source imports. It is no longer relevant, given the changing structure of world trade, to view the spillover effects of agricultural policies as exclusively a developed country issue. A broader approach to PCD can help better understand policy inter-linkages and trade-offs, and inform decision making to prevent any negative spillovers.

Work on policy coherence needs to reflect this multipolar global economy in which all countries are playing a role in driving global growth and development. Governments in developed, emerging and developing countries alike can maximise the impact of their policies in terms of growth and poverty reduction by assessing and tackling possible policy incoherencies (OECD, 2013c).

Issues to address in the post-2015 framework

The OECD envisages that a broader approach to PCD would involve:

- Collective action, common but differentiated responsibilities, and mutual benefits.
- Multiple levels of coherence (global, regional, national – including advanced, emerging and developing countries).
- Multi-stakeholder involvement and inclusive policy dialogue: the involvement of civil society organisations as well as the private sector is critical.
- A greater focus on fostering positive synergies among policies and across sectors.

These key components can help create enabling environments at national and global level that support the transformations needed for sustainable, inclusive growth and development (Box 2). Moving to a broader approach will require the following shifts:

- **From an emphasis only on the donor's role to engaging the main actors and stakeholders** among advanced, emerging and developing countries. This is essential to generate the sound evidence-base needed to inform and influence policy and decision making.
- **From an emphasis on the negative impacts of non-aid policies (“do no harm”) to more proactive approaches.** Greater emphasis on synergies between policies is needed to create win-win scenarios and engage other policy actors beyond those involved in development.
- **From a sectoral approach to cross-sectoral approaches.** A broader approach is needed to understand the many dimensions of development challenges in the context of multi-sector value chains and structural transformations in the global economy.
- **From unclear objectives to a focus on common challenges,** such as improving framework conditions for achieving food security or reducing illicit financial flows (Box 4). PCD is not an objective in itself: identifying and setting concrete objectives and targets is a precondition for guiding coherent and collective action.

Box 2. A broader approach to PCD for enabling change

The HLP report proposes five transformational shifts as the basis for a universal post-2015 agenda.⁴ The fifth shift – to “forge a new global partnership” – is seen as perhaps the most important:

...towards a new spirit of solidarity, cooperation, and mutual accountability that must underpin the post-2015 agenda.... It is time for the international community to use new ways of working, to go beyond an aid agenda and put its own house in order: to implement a swift reduction in corruption, illicit financial flows, money-laundering, tax evasion, and hidden ownership of assets. We must fight climate change, champion free and fair trade, technology innovation, transfer and diffusion, and promote financial stability. And since this partnership is built on principles of common humanity and mutual respect, it must also have a new spirit and be completely transparent. Everyone involved must be fully accountable (HLP, 2013).

The process of PCD is key for achieving such a shift. It can foster “development enablers”, such as a fair and stable global trading system; stable financial systems; sustainable food and nutrition security; sustainable use of natural resources; coherent global governance; equitable access to knowledge, innovation and technology; and green investment. It can also help to identify ways to manage potential “disablers” which might hinder countries’ capacity to achieve their development objectives, such as protectionism and conflict.

A broader approach to PCD in a post-2015 framework should take into account that:

- ***Well-functioning global systems will be essential.*** The post-2015 process calls for mobilising commitment across government and collective action to support policy reforms and advance key international agendas.
- ***PCD is relevant in developing countries too.*** OECD simulations show, for example, that if developing countries were to progressively reduce tariffs on “South-South trade” to the levels applied between advanced economies, they could secure a welfare gain of up to USD 59 billion (OECD, 2010). Another example is the costs and trade-offs of high levels of fossil fuel subsidies. In 2011, subsidies in developing countries were nearly six times higher than in OECD countries (amounting to around USD 433 billion). OECD analysis concludes that phasing out fossil fuel consumption subsidies in emerging and developing countries could reduce global greenhouse gas emissions by 6% by 2050 compared to business as usual, and by over 20% in Russia, the Middle East and North Africa. A fuel subsidy reform could also offer fiscal space for the local government to extend social programmes focused on poor people. While recognising these benefits, PCD analysis should also address the political economy factors that prevent governments from taking action, and explore ways of better communicating the trade-offs and costs of inaction.
- ***The involvement of other key stakeholders is central.*** As recognised by the HLP report, the private sector and civil society organisations (CSOs) have a key role to play in the post-2015 agenda (HLP, 2013). CSOs make a valuable contribution to public policy-making processes and in making sure that government at all levels and businesses act responsibly. The private sector has a central role in advancing innovation, creating wealth and mobilising jobs, as recognised in the outcome document of the High Level Forum on Aid Effectiveness in Busan (OECD, 2011).⁵ Involving all these key players in inclusive dialogue on PCD issues is fundamental for building common ground and making coherent and effective collective efforts in key policy areas.

What can the OECD offer?

The OECD has a particular role to play in improving coherence for development through its ability to provide evidence to inform policy making and address cross-sectoral issues. From social policy to environmental management and from tax policy to trade, the OECD’s multidisciplinary expertise helps governments to improve public policies based on shared experience supported by evidence-based analysis, dialogue and peer learning. The breadth of the OECD’s work programmes and its close links with governments, international organisations like the United Nations, the business community and civil society give the organisation a unique overview and understanding of the linkages between the economic, social and environmental dimensions of development and the opportunities for creating synergies among them.

Box 3. Renewed impetus for PCD at the OECD

Ministers approved the OECD Strategy on Development in May 2012, emphasising the need to strengthen OECD member countries' capacities to design policies consistent with development. To help them do so, ministers called on the OECD to:

- Develop more systematic approaches to evidence-based analyses on the costs of incoherent policies as well as on the benefits of more coherent policies.
- Work with partner institutions to develop robust indicators to monitor progress and assess the impact of diverse policies on development.
- Apply a PCD lens to contribute to the analysis of key issues, such as global food security, illicit financial flows and green growth.
- Provide a platform for dialogue with developing countries and key stakeholders on PCD issues.
- Foster coherence for development throughout the organisation and its committees; identify particular areas of policy incoherence; and ensure that the OECD's policy advice is coherent and consistent with development objectives.

Source: OECD (2013b), *Better Policies for Development: In Focus 2013: Policy Coherence for Development and Global Food Security*, OECD, Paris.

The OECD has already developed good practice guidance on the institutional mechanisms needed for PCD (OECD, 2009). However, the new global context requires a more proactive approach. This is recognised in the OECD's new Strategy on Development (Box 3). Its objective is to forge a more inclusive and comprehensive approach to development based on coherent domestic and international policies in both developed and developing economies (OECD, 2012a; 2013c). The following section describes areas of the OECD's work and expertise that are particularly relevant for ensuring that policy action is coherent post-2015.

Identifying and resolving incoherent policies

Specifying the nature, scale and impact of policy incoherence and quantifying its costs present major methodological challenges. Addressing these challenges successfully is an important step on the road towards coherence. It requires identifying policy examples that undermine development objectives, as well as examples that show how policy coherence can foster development. It also requires being more specific about what it is we want to measure and why, and then agreeing on how to measure it. The OECD already has several workstreams aiming to understand the effect of inconsistent policies and the policy action needed to resolve them. The examples of global food security and illicit financial flows are outlined in Box 4.

Box 4. Creating enabling environments for development through a broader approach to PCD: two examples of OECD work on key global issues

Achieving global food security

In a time of unprecedented economic opportunities and with vast resources at our disposal, the fact that 850 million people in the developing world still suffer from hunger and undernourishment is one of the greatest incoherencies of our times. OECD work is analysing the challenge of global food security through a PCD lens. This has highlighted that global food security is a key issue requiring a broader approach to PCD. It requires action by advanced economies, emerging and developing countries, and at the global level to create the necessary conditions for raising the incomes of the poor; improving agriculture productivity as well as research and innovation systems; reducing waste; reconciling increased agricultural productivity with other potentially competing objectives and constraints, such as bioenergy, water scarcity and climate change; facilitating trade; and increasing investment by removing barriers and incoherent policies. The OECD work offers policy recommendations in three areas:

- Advanced economies need to reform those policies that have negative impacts on food security (such as trade distortions and biofuel mandates). They need also to adopt beneficial policies, including on sharing knowledge (for example, in research and development, or in the design of risk management tools).
- Coherence in developing countries can contribute to food security efforts and allow them to take advantage of the international climate. The mix of policies needed to ensure food security is likely to vary according to a country's level of economic development and its structural circumstances, including its comparative advantage in agricultural activities.
- Coherent and co-ordinated action at the global level can contribute to create the enabling environments for food security.

For more information see: OECD (2013), *Better Policies for Development: In Focus 2013: Policy Coherence for Development and Global Food Security*, OECD, Paris

Curbing illicit financial flows

Every year huge sums of money are transferred out of developing countries illegally. Illicit financial flows (IFFs) are often said to be outstripping official development assistance and inward investments. The most immediate impact of such illicit flows is a reduction in domestic public and private expenditure and investment, which means fewer jobs, hospitals, schools and less infrastructure – and ultimately less development. Since some of these illicit funds find their way into OECD countries, the strength of OECD systems to prevent, detect and return funds is an important element of fighting illicit flows. The issue of illicit flows is on the agenda of the G20 and the G8 and various elements of it are enshrined in UN instruments, such as the United Nations Convention Against Corruption (UNCAC). The particular importance for developing countries was recognised by leaders at the High Level Forum on Aid Effectiveness in Busan.

OECD work on this area provides information on how OECD countries are performing on various elements of the IFF agenda. It focuses on: (1) tax evasion; (2) money laundering; (3) trade mispricing; (4) bribery and corruption; (5) stolen asset recovery; and (6) how development agencies can support the IFF agenda further.

Combating illicit flows requires concerted action, through a whole-of-government approach, in both developing and OECD countries. To promote these objectives the OECD launched the Oslo Dialogue in 2011 to improve co-operation amongst domestic agencies in both developed and developing countries in the fight against financial crime.

For more information see: OECD (2013), “Measuring OECD responses to illicit financial flows” Issue Paper, OECD, Paris

Contributing to a global enabling environment for development

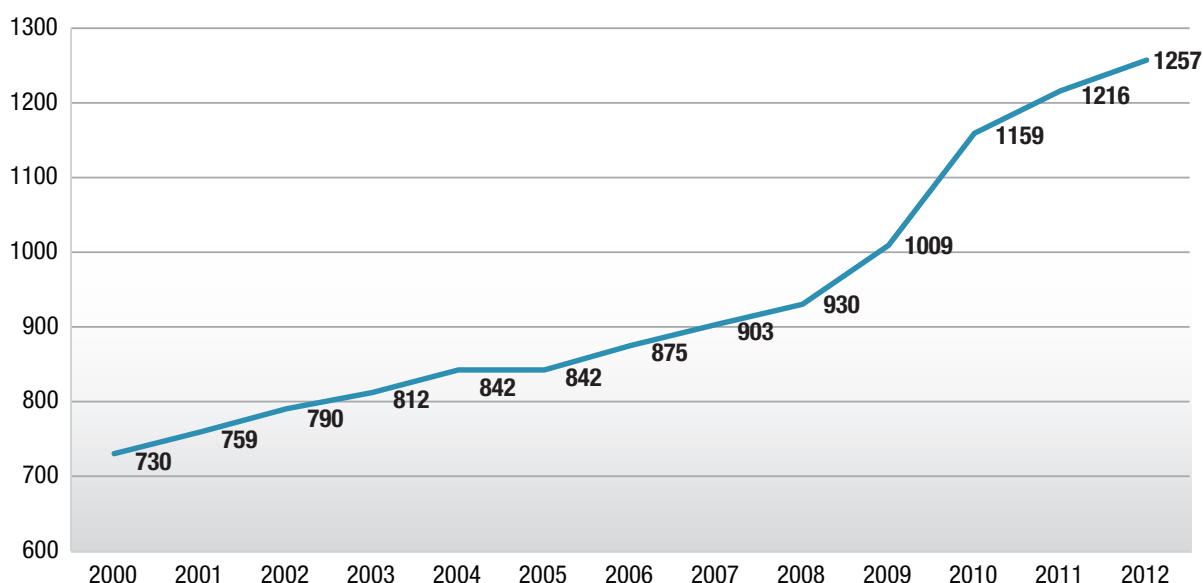
Achieving a unified post-2015 framework and one single set of universal goals will require coherence and convergence between the major agendas and policy communities involved in development co-operation, sustainable development and climate change (Box 2). For example, the need to ensure convergence between the post-2015 global goals and the Sustainable Development Goals launched at the 2012 United Nations Conference on Sustainable Development (Rio+20) calls for a greater involvement of the Centres of Government (CoG) to provide leadership for achieving consensus. CoG carry the primary responsibility for overseeing the policy-making process and ensuring co-ordination and policy consistency.⁶

Global governance is evolving in new ways, notably with the advent of the G20 Leaders meetings⁷ and the associated processes which draw together inputs from international organisations, think tanks and social partners. The OECD's work at the level of heads of state, where the co-ordination of complex whole of government issues ultimately rests, can encourage action on a range of policy coherence issues. The OECD can draw on its 14 Global Forums,⁸ its new Global Strategy Group, and its Network of Senior Officials from Centres of Government.

The OECD can also draw on its new initiatives, such as the New Approaches to Economic Challenges and the Inclusive Growth initiative; its major strategies, such as the OECD Strategy on Development, and the Green Growth, Innovation, and Skills Strategies; as well as its core horizontal projects and initiatives, such as the gender and the Better Life initiatives. Key areas of OECD work are already contributing to a global enabling environment (Box 2), such as in the areas of trade, tax and investment:

- ***Making global value chains accessible to all and supporting a transparent, rules-based trading system.*** International production, trade and investments are increasingly organised within so-called global value chains (GVCs) where the different stages of the production process are located across different countries. GVCs are a powerful driver of growth, productivity and job creation. OECD work – some conducted jointly with the World Trade Organization (WTO) – is helping to inform policy makers by providing new insights into the commercial relations between nations. It is also highlighting practical actions that countries can take to benefit from GVCs. For example, by reducing the cost of imports and exports, and by deepening connectivity with the global market, developing countries can tap into GVCs to accelerate their trade and income growth. It finds that reducing global trade costs by 1% would increase worldwide income by more than USD 40 billion, 65% of which would accrue to developing countries.⁹ OECD work on Aid for Trade is helping countries to reform the way they trade and their capacity to trade, and to become better integrated into global value chains.
- ***Supporting a fairer and more transparent global tax system.*** Tax evasion is a global issue that threatens government revenues in many countries. Untaxed economic activity represents an estimated 17% of the total global economy – the amount lost to economies runs into EUR billions. This means fewer resources for infrastructure and public services and lower standards of living in both developed and developing countries. The OECD is helping countries work together to put an end to offshore tax evasion through a secure and cost-effective single global standard for the automatic exchange of information for tax purposes. Since 2000, over 500 Exchange of Information (EOI) agreements have been signed between OECD countries and developing countries (Figure 2; 2013b). This will help governments in all countries to raise the revenues they need to provide their citizens with better services.

Figure 2: Exchange of Information agreements signed between OECD countries and developing countries (2000-2012)



Source: Calculations based on data from Global Forum on Transparency and Exchange of Information for Tax Purposes.

- Improving the efficiency of tax collection.** The UN considers that every country needs to raise at least 20% of their gross domestic product (GDP) as taxes to help fund their achievement of the MDGs. While developing countries overall have strengthened the mobilisation of domestic resources, some (including half of the sub-Saharan Africa countries) are still not reaching this minimum level. The OECD has set up a Task Force on Tax and Development bringing together OECD member countries, emerging and developing countries; international and regional organisations; civil society and business to provide advice on improving the enabling environment for developing countries to collect taxes fairly and effectively. The Task Force has recently launched Tax Inspectors Without Borders, an initiative to help tax administrations in developing countries to carry out complex audits of globalised businesses.
- Increasing investment in developing countries by supporting open and transparent policy frameworks.** Private investment expands an economy's productive capacity, drives job creation and income growth, and – in the case of international investment – is a conduit for the local diffusion of technological and enterprise expertise and spurs domestic investment too. Such benefits can act as a powerful force for development and poverty eradication. However, weak national policy frameworks discourage both foreign and domestic investment or prevent it from contributing to development. The OECD helps governments to develop stronger business climates. Its Policy Framework for Investment tool helps developing countries complete a checklist of important policy issues for consideration by any government interested in creating an environment that is attractive to all investors and in enhancing the development benefits of investment to society, especially the poor. In this way, the framework helps implement the United Nations Monterrey Consensus, which emphasised the vital role of private investment in effective development strategies.
- Promoting responsible business conduct globally.** Responsible business conduct is a major factor in ensuring that investment supports development. The OECD Guidelines for Multinational Enterprises are far-reaching recommendations for responsible business. Today 44 adhering governments – representing all regions of the world and accounting for 85% of foreign direct

investment – encourage their enterprises to observe these guidelines wherever they operate. They promote high standards of business conduct and the positive contribution to economic, social and environmental progress by multinational enterprises (MNEs). The guidelines address all major areas of business ethics and provide a unique mechanism to assist in the resolution of disputes arising from MNEs' activities. More than 150 cases have been considered for mediation and conciliation through the National Contact Points established by adherents to the guidelines. As the majority of these cases concern MNEs' operations in developing countries, the guidelines give these countries a voice.

In a parallel effort, the OECD promotes responsible investment in conflict and fragile states through the Due Diligence Guidance for Responsible Supply Chains of Minerals. This fosters the integration of sustainable management of natural resources, particularly minerals, into core corporate strategies through enhanced due diligence procedures. This work is helping to increase transparency; improve natural resource revenue management; avoid tax evasion; prevent illicit financial outflows and the illegal trade in minerals; and prevent corruption and violations of the rights of local communities. All of these are crucial “disabling” factors for development (Box 2).

Developing policy tools for PCD

PCD is not just an abstract concept, but an objective that can be achieved through practical measures. It can be implemented at different levels: internally within the development co-operation community, within individual countries (coherence between national aid and non-aid policies), between donors, and within developing countries. The OECD helps governments achieve policy coherence through its guidelines on the political and administrative structures and processes for effective and harmonised policy-making processes (OECD, 2012a). The OECD's new development strategy provides fresh impetus for PCD as a global tool to help policy makers translate PCD into practice (Box 5).

Box 5. Using policy coherence for development as a global policy tool

PCD in the post-2015 context could be framed as a global policy tool for collective action on complex, multi-dimensional, multi-actor development problems. It can help all countries, regardless of their level of income, to:

1. Address the systemic elements – national, regional and global – that require treatment to resolve problems or create opportunities.
2. Capitalise on the potential synergies between economic, social and environmental policy areas to foster enabling environments and across-government policy action for inclusive and sustainable development.

Using such a tool can prompt policy makers to ask questions like: “Do our trade policies reinforce our development co-operation policies, or do they work at cross purposes?”, “Do our migration policies, such as in the health care sector, potentially undermine prospects to achieve health-related MDGs in sending countries?”, or “How can we promote economic growth at the same time as environmental sustainability?” (OECD, 2012c)

The OECD is also developing specific tools to build cross-sectoral links to address key issues. These include:

- ***A self-assessment PCD toolkit*** which guides governments through a step-by-step process to assess the coherence of their domestic agriculture, environment and fisheries policies with their development objectives. The approach is currently being piloted by Finland, which is analysing domestic and European Union policies which affect food security and the right to food in developing countries. The process is being guided by a steering group made up of members of five government departments – covering foreign affairs, environment, health, agriculture and employment, plus representatives of research institutes and non-government organisations.

- **An international web-based PCD Platform.** This is intended as an interactive tool to be built up over time. It contains a repository of PCD documents, including general PCD publications, presentations and information on national experiences; monthly featured topics that identify and share OECD evidence on benefits of policy coherence in specific sectors; tools and methods for assessing PCD; and acts as a space for open and inclusive dialogue and knowledge sharing with key stakeholders around key priority areas and issues for PCD.

Monitoring progress towards PCD

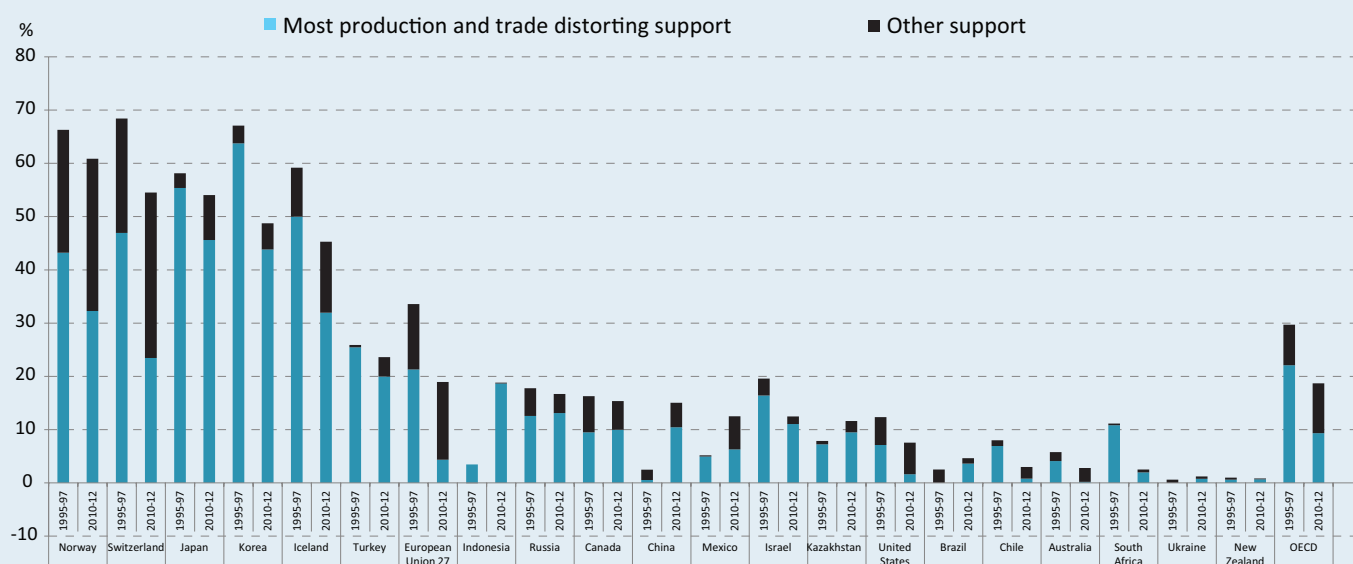
The approaching MDG “deadline” of 2015 provides a timely opportunity to discuss new quantitative and qualitative development goals. The OECD is working with partner institutions to develop a framework to monitor progress on countries’ efforts to implement policies that are conducive to development (Box 6).

Box 6. Assessing progress on policy coherence for development

There are inherent difficulties in obtaining robust evidence on the cause and effect chains between policies and impacts in a more complex global context. As a result different ways of measuring progress on PCD need to be explored and identified. As part of its Strategy on Development, the OECD is currently looking at existing indicators which measure factors that may contribute to or hinder a certain development outcome. This would complement impact assessments which are often carried out on a more ad hoc and case-by-case basis.

For example, the OECD has for more than 20 years provided internationally recognised measures of support and protection in agriculture for its member countries. Monitoring the composition of that support over time shows that countries have reduced the share of total support that is most trade-distorting (Figure 3). On average, support to agricultural producers in the OECD area has decreased from around 30% of gross farm receipts in the mid-90s to less than 20% at the beginning of the 2010s. This is good for development.

Figure 3: Level and composition of support to agricultural producers in OECD countries and selected emerging economies, 1995-1997 and 2010-2012
Support as % of gross farm receipts



The aim of this exercise is to develop a monitoring framework by mapping existing measures of policy effort and providing a regular update of countries’ efforts to implement policies conducive to development. Initially this will be done for three priority areas: global food security, illicit financial flows and green growth.

Source: OECD (2013b), *Better Policies for Development: In Focus 2013: Policy Coherence for Development and Global Food Security*, OECD, Paris.

With the OECD Strategy on Development, the organisation and its members have taken an important step forward on how to approach policy coherence for development in a rapidly changing and more complex global context. The OECD can make full use of its multidisciplinary expertise, evidence-based approaches to policy making, and peer learning working methods. This will contribute to better informed policies and provide decision makers with the necessary tools and instruments for achieving greater policy coherence for development in the post-2015 development agenda and framework.

END NOTES

1. Its formal name is the Global Partnership to Eradicate Poverty and Transform Economies through Sustainable Development (HLP, 2013).
2. This new definition has been developed through discussions and consultations, both internally and with the network of PCD focal points, as well as with other stakeholders such as civil society organisations and think tanks.
3. PCD is one of the 11 areas identified by the OECD as essential for a global, holistic, and measurable development framework after 2015. These 11 areas are all listed in the OECD brochure *Beyond the Millennium Development Goals: Towards an OECD contribution to the post-2015 agenda* (OECD, 2013).
4. The shifts are: 1) leave no-one behind; 2) put sustainable development at the core; 3) transform economies for jobs and inclusive growth; 4) build peace and effective, open and accountable institutions for all; and 5) forge a new global partnership.
5. The signatories of the outcome document of the Fourth High Level Forum on Aid Effectiveness in Busan in 2011, based on a new focus on the inclusion of the private sector in development, committed “to engage with representative business associations, trade unions and others to improve the legal, regulatory and administrative environment for the development of private investment; and also to ensure a sound policy and regulatory environment for private sector development, increased foreign direct investment, public private partnerships, the strengthening of value chains in an equitable manner and giving particular consideration to national and regional dimensions, and the scaling up of efforts in support of development goals”.
6. The Centres of Government (CoGs) consist of heads of prime ministers’ offices, cabinet secretaries, or secretaries-general of the government, depending on the state structure. CoGs act as a co-ordinator to ensure horizontal consistency among policies. They also promote new and innovative approaches to policy development and delivery across public services. The OECD Network of Senior Officials from Centres of Government convenes meetings with these decision makers every year, providing a forum for informal discussion on topics of high relevance. For more information see: www.oecd.org/governance/networkofseniorofficialsfromcentresofgovernmentcog.htm
7. The Group of Twenty Finance Ministers and Central Bank Governors (also known as the G20) is a group of finance ministers and central bank governors from 20 major economies: 19 countries plus the European Union. The G20 heads of government or heads of state also periodically get together at summits. The G20 studies, reviews, and promotes high-level discussion of policy issues pertaining to the promotion of international financial stability, and seeks to address issues that go beyond the responsibilities of any one organisation. G20 leaders announced in 2009 that the group would replace the G8 as the main economic council of wealthy nations. Collectively, the G20 economies account for approximately 80% of the gross world product (GWP), 80% of world trade (including EU intra-trade), and two-thirds of the world population.
8. The global forums are on the following themes: agriculture, biotechnology, competition, development, education, sustainable development, finance, international investment, knowledge economy, public governance, tax treaties and transfer pricing, tourism statistics and trade. See www.oecd.org/globalrelations/globalforums/globalforums.htm.
9. See: “Trade facilitation agreement would add billions to global economy, says OECD”, at www.oecd.org/trade/trade-facilitation-agreement-would-add-billions-to-global-economy-says-oecd.htm.

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ONLINE RESOURCES

The PCD Platform aims to facilitate collective advocacy on PCD and knowledge sharing, to disseminate experiences and lessons learned, and to undertake joint online initiatives. It also supports the OECD Network of National Focal Points for PCD in its efforts to identify effective policy solutions and tools to enhance impact on development. Visit the PCD Platform at: <https://community.oecd.org/community/pcd>

The United Nations (UN) Millennium Development Goals (MDGs) were established in 2000/1 and consist of eight development objectives to be achieved by 2015. It is widely agreed that the MDGs have been effective in mobilising worldwide awareness, leveraging resources, guiding global development efforts and increasing accountability. It is also impressive how close the world will get to most of the MDGs by 2015. There is need, however, for a successor framework once the MDGs expire in 2015 to keep the momentum built to date. The OECD played a pivotal role in defining the MDGs. With two years to go, the OECD is increasing its efforts to support the achievement of the MDGs, and at the same time thinking about how it can help the UN in developing a new agenda and framework post-2015. The OECD has a number of areas of expertise which could play an important role in shaping this post-2015 agenda and framework. In the overview brochure for this series, the OECD proposes eleven areas which would be of particular relevance (Beyond the MDGs: Towards an OECD contribution to the post-2015 agenda). This brochure focuses on policy coherence for inclusive and sustainable development.

- Element 1: Measuring what you treasure and keeping poverty at the heart of development
- Element 2: Developing a universal measure of educational success
- Element 3: Achieving gender equality and women's rights
- Element 4: Integrating sustainability into development
- Element 5: Strengthening national statistical systems
- Element 6: Building effective institutions and accountability mechanisms
- Element 7: Developing and promoting peacebuilding and statebuilding goals
- Element 8: Policy coherence for inclusive and sustainable development**
- Element 9: Sharing knowledge and engaging in policy dialogue and mutual learning
- Element 10: Promoting the Global Partnership for Effective Development Co-operation
- Element 11: Measuring and monitoring development finance

For more information contact Ernesto Soria Morales (ernesto.soriamorales@oecd.org).